Overhead Loading (Para. 22(c)(1)

BellSouth calculates a price-ceiling ratio for Special Access services and uses that price-ceiling ratio to insure that a Special Access new service rate recovers no more than a just and reasonable amount of overhead costs. A list of price-ceiling ratios for DS1 and DS3 Special Access services is at Exhibit 2 Appendix E.

BellSouth did not use the price-ceiling ratio to set the rates in EIS and VEIS because of the unusual aspects of the services and that they are not Price Caps services. Rather, BellSouth used a reasonable method to determine overheads for the EIS and VEIS offerings. Overheads were defined as the fully assigned maintenance and administrative expenses associated with the offerings. The methodology is consistent across all EIS and VEIS rate elements.

A complete list of costs, rates, overhead amounts, and overhead ratios for all EIS and VEIS rate elements and "functions" is at Appendix C. For each account code within a rate element, fully assigned maintenance and administrative expenses were determined and included in the fully assigned costs (App. C, Col. b). These fully assigned maintenance and administrative expenses are the overheads. The rate (App. C, Col. c) was determined by rounding the fully assigned cost. The amount of overhead resulting from rounding is indicated in Column f of Appendix C. The total overhead amount is indicated in Appendix C, Column e.

With the exception of ongoing maintenance and operating expenses associated with the central office floor space and associated land for the floor space for the enclosed collocation module, EIS Interconnection Floor Space - Per 100 Square Foot Module, and the VEIS Floor Space - Per Square Foot, BellSouth used incremental fully assigned maintenance and administrative expense factors to calculate maintenance and administrative expenses in the fully assigned cost calculation. For the ongoing maintenance and operating expense of the floor space, BellSouth developed expenses, including direct salaries and salary loadings, per assignable square foot based on book costs for the 12 month period from December 1, 1991, through November 30, 1992. The book costs were used to determine these operating expenses because an appropriate fully assigned factor was not available. Expanded Interconnection is the first service where land and buildings are service offerings, not just loadings. Directly assigned factors were used in all cases to calculate the direct cost (App. C, Col. d).

The difference between the fully assigned and directly assigned factors are as follows:

PART 32 ACCOUNT	MAINTENANCE	ADMINISTRATION
2232	.0137	.0683
2212	.0289	.0683
2211	.0230	.0683
2111	.0000	.0683
2121	.0005	.0683

This difference represents the overhead factors applied to the investments used to develop costs.

With respect to the ongoing maintenance and operating costs derived from the books, the relationship of these costs to investment is as follows.

EIS Interconnection Floor Space

Investment	Fully Assigned % of Investment	Operating Cost Directly Assigned % of Investment
$7546	.1050	.0032

EIS Interconnection Floor Space "Function"

Investment	Fully Assigned % of Investment	Operating Cost Directly Assigned % of Investment
$7546	.1050	.0032

VEIS Floor Space Per Square Foot

Investment	Fully Assigned % of Investment	Operating Cost Directly Assigned % of Investment
$75.46	.1050	.0032

The difference between .1050 and .0032 is .1018 and represents the overhead factor applied to the investment for the floor space occupied by the interconnector.

The overhead ratios for EIS on a per rate element range from 1.29 to 1.72 and for VEIS range from 1.29 to 1.81. On a per "function" the overhead ratios range from 1.29 to 2.02 for EIS and 1.29 to 1.81 for VEIS. If the floor space rate elements, for which operating expenses were calculated from the books, are excluded the range for EIS per rate element is 1.29 to 1.33 and per "function" is 1.29 to 1.35. The range for VEIS per rate element and "function" is 1.29 to 1.35.

By assuming demand for EIS and VEIS and the overhead ratio is calculated on a service basis as BellSouth's price-ceiling ratios are calculated, the EIS overhead ratio is 1.41 and the VEIS overhead ratio is 1.34. These calculation are included in Appendix D. The price-ceiling ratios for BellSouth DS1 and DS3 services range from 1.14 for

SMARTRing℠ 49/72 Month to 2.20 for SMARTRing℠ Month-to-Month. The price-ceiling ratio for DS1 is 2.69, DS3 is 1.91, and for DS1 and DS3 combined is 2.41. These price-ceiling ratios are shown in Appendix E.[1]

The difference between DS1 and DS3 ratios are a product of several factors. As a preliminary matter, however, there is no a priori reason that they should be the same. To the contrary, under price cap regulation it is reasonable to expect these types of ratios to differ among services. Indeed, a primary purpose of price cap regulation is to provide incentives for local exchange carriers to become more efficient. Efficiency, however, is not merely limited to cost control but also extends to pricing efficiency. Within the price cap constraints, one of BellSouth's objectives is to efficiently price its services to reflect the marketplace. As such, it is reasonable to expect price/cost variations among services.

The variation between the DS1 and DS3 ratios reflects several considerations. First, it reflects to a certain extent price/cost relationship for these services that existed prior to price cap regulation. Since price cap regulation, BellSouth has endeavored to reflect in its pricing current cost trends. Another factor is market

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[1] BellSouth filed term rates for DS1 services earlier in 1993. At this time, only about nine circuits have converted to a term plan. BellSouth plans to revise its term rates within the next few weeks and will submit price/cost ratios with the filing.

conditions. In order to take into account market considerations, BellSouth, in pricing its services, must reflect customer needs and expectations. Finally, BellSouth integrates and balances all of these factors to assure that its services offerings are priced so as to maximize their contribution to meeting revenue targets.

Comparing the ratios contained in Appendices C, D and E shows that whether Expanded Interconnection is analyzed by rate element, "function", or service the overhead ratios are well within the range of overhead ratios for other DS1 and DS3 services. Indeed, for the most part overhead ratios for DS1 and DS3 services exceed those associated with expanded interconnection.

Expanded Interconnection is the only Special Access service, in which BellSouth provides land and buildings as an offering. Therefore, in EIS and VEIS land and buildings are not General Support Facilities. The land and buildings investments included in BellSouth's EIS and VEIS offerings are associated with expanded interconnection and no other service offering. In particular, the interconnector enclosure would not be constructed if EIS was not offered and the 100 square feet of floor space enclosed cannot be used by BellSouth to provide or support another service while occupied by an interconnector. Therefore, BellSouth should recover the costs (capital and operating) associated

with the land and buildings used to provide Expanded Interconnection from the cost-causer, the interconnectors.[2]

BellSouth has demonstrated here that the loadings added to direct costs represent a reasonable contribution to joint and common costs. There is no basis to excuse interconnectors from contributing to the recovery of these costs.

The rates from special access services also make a contribution to joint and common costs. The Commission's price cap plan has established a sharing mechanism which limits BellSouth's earnings. This mechanism assures that BellSouth does not over-recover its costs. There is no adjustment, however, that is necessary to existing special access rates or to the expanded interconnection cost study to prevent double recovery of costs. The Commission's concern with double recovery is misplaced. Such a concern is relevant only in a revenue requirements/rate of return regulatory environment. Price cap regulation has replaced that rate of return regulation. It would be nothing less than arbitrary to attempt to overlay a revenue requirement analysis over special access rates and ratemaking. The only relevant issue here is the cost development for expanded

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[2] The same statement can be made concerning the application fee and service order processing charges for EIS and VEIS. If the services were not offered, BellSouth would not incur the costs associated with these functions. Therefore, the interconnectors should pay for these costs.

interconnection services. BellSouth has shown its cost development for these services is just and reasonable.

The rate for each EIS and VEIS element was established to equal direct cost plus some reasonable amount of overheads. BellSouth included only overheads associated with maintenance and administration and used investment as an allocator. Only the investment associated with EIS and VEIS were used to determine these overheads.

For the floor space, the maintenance was calculated from the books so only maintenance expenses associated with the specific central office buildings and land are included where interconnectors have expressed an interest to interconnect. These costs are on a per assignable square foot, so the interconnector is only charged for the maintenance of the square feet the interconnector uses. For the other rate elements, the maintenance was calculated by applying a factor to the investment associated with providing the service.

The administrative expense factors assign expenses categorized as administrative overheads across telephone products and services on the basis of investments. EIS and VEIS are services. Therefore, the administrative expense associated with them was calculated by applying the administrative factor to the investments. Again, only the investment used for interconnection was included.

Rate Rounding (Para. 22(c)(1))

In developing the rates for its Expanded Interconnection Service (EIS) and Virtual Expanded Interconnection Service (VEIS) offerings, BellSouth employed the rounding methodology that it has used in past filings to establish nonrecurring charges; i.e., unit costs up to $100.00 were rounded up to the next higher whole dollar, unit costs from $100.00 up to $1000.00 were rounded up to the next higher ten dollars.

BellSouth recognized that minor rounding would be beneficial from an administrative perspective and would also represent a more commercial structure for its digital service offerings. Rate rounding is not an uncommon practice in the telecommunications industry.

Customer impact is negligible in that the percentage above cost averages 5% or less for costs less than $1000.00 and 1% or less when cost exceeds $1000.00.

BellSouth also employed a rounding methodology for recurring rate elements. Rates were established for all recurring rate elements by rounding the respective unit costs to the next highest whole dollar. This methodology a de minimis impact.

APPENDIX A

BELLSOUTH TELECOMMUNICATIONS, INC.

UNIT INVESTMENT DEVELOPMENT –
RATE ELEMENT SPECIFIC INVESTMENTS

Exhibit 2
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Service Name: Expanded Interconnection Service
Rate Element: Interconnection Floor Space – Per 100 Square Foot Module
Function: Entrance Facility Space

Line	Description	Calculation	Value	FRC
1.	Regional installed investment required to provide cable rack riser, etc., based on adding about 100 feet of cable rack, for access from cable vault to inter–connection floor space, per 10' by 10' module (Circuit – Other Digital).		$3,500.00	357C
2.	1992 Regional Land COE loading.		0.00148	
3.	Regional land investment associated with cable access investments, per 10' by 10' module.	Line 1. * Line 2.	$5.18	20C
4.	1992 Regional Building COE loading.		0.01971	
5.	Regional building investment associated with cable access investments, per 10' by 10' module.	Line 1. * Line 4.	$68.99	10C
6.	Grand total regional installed investments with land and building loadings.	Line 1. + Line 3. + Line 5.	$3,574.17	

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Service Name: Expanded Interconnection Service
Rate Element: Interconnection Floor Space – Per 100 Square Foot Module
Function: Floor Space

Line	Description	Calculation	Value	FRC
1.	Regional book gross investment for central office building floor space per assignable square foot.		$72.71	10C
2.	Assignable square feet per module.		100	
3.	Total regional, book gross investment for central office building floor space per 100 assignable square foot module.	Line 1. * Line 2.	$7,271.00	10C
4.	Regional book gross investment for land associated with central office building floor space per assignable square foot.		$2.75	20C
5.	Total regional, book gross investment for land associated with central office building floor space per 100 assignable square foot module.	Line 4. * Line 2.	$275.00	20C
6.	Grand total regional installed investments with land and building loadings.	Line 3. + Line 5.	$7,546.00	

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Service Name: Expanded Interconnection Service
Rate Element: Interconnection Floor Space – Per 100 Square Foot Module
Function: DC Power Generation Function

Line	Description	Calculation	Value	FRC
1.	Regional installed investment required to provide standard 48V DC (two 40Amp feeds) power per 10' by 10' module (Electronic Digital).		$3,105.50	377C
2.	Regional installed investment required to provide standard 48V DC (two 40Amp feeds) power per 10' by 10' module (Electronic Analog).		$3,105.50	77C
3.	Total regional, installed investments required to provide standard DC power per 10' by 10' module.	Line 1. + Line 2.	$6,211.00	
4.	1992 Regional Land COE loading.		0.00148	
5.	Regional land investment associated with standard DC power investments, per 10' by 10' module.	Line 3. * Line 4.	$9.19	20C
6.	1992 Regional Building COE loading.		0.01971	
7.	Regional building investment associated with standard DC power investments, per 10' by 10' module.	Line 3. * Line 6.	$122.42	10C
8.	Grand total regional installed investments with land and building loadings.	Line 3. + Line 5. + Line 7.	$6,342.61	

BELLSOUTH TELECOMMUNICATIONS, INC.

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Service Name: Expanded Interconnection Service
Rate Element: Space Construction Charge
– Per 100 Square Foot Module
Function: Construction Provisioning Function

Line	Description	Calculation	Value	FRC
1.	Architect and inspection fees per 10' by 10' module.	0.25 * (Line 1 (WP 2.1E–2) + Line 1 (WP 2.1E–3))	$6,720.00	10C
2.	Regional, incremental, Property Management – Branch Planner, capitalized work time (hours) including: developing cost information with assistance of Design & Construction Coordinator; and assigning Project Team.		2.00	
3.	Regional, directly assigned, Property Management – Branch Planner (PG3/ JFC 3010) 1993 labor rate per hour.		$37.99	
4.	Regional, incremental, Property Management – Branch Planner, capitalized cost.	Line 1. * Line 2.	$75.98	10C
5.	Regional, incremental, Property Management – Space Designer, capitalized work time (hours) including: receiving work order and job notice from Branch Planner; reviewing require–ments and making site visit if necessary; preparing study plan; and transmitting study plan to Design & Construction.		14.00	
6.	Regional, directly assigned, Property Management – Space Designer (PG4/ JFC 3010) 1993 labor rate per hour.		$42.64	
7.	Regional, incremental, Property Management – Space Designer, capitalized cost.	Line 5. * Line 6.	$596.96	10C

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Service Name: Expanded Interconnection Service
Rate Element: Space Construction Charge
– Per 100 Square Foot Module
Function: Construction Provisioning Function

Line	Description	Calculation	Value	FRC
8.	Regional, incremental, Property Management – Design & Construction Coordinator, capitalized work time (hours) including: receiving study plans from Space Designer and assigning to Architect; preparing job order or estimate; administering contract; making inspections as necessary; handling job to completion; preparing job closure document; and notifying client of completion.		45.00	
9.	Regional, directly assigned, Property Management – Design & Construction Coordinator (PG4/JFC 3010) 1993 labor rate per hour.		$42.64	
10.	Regional, incremental, Property Management – Design & Construction Coordinator, capitalized cost.	Line 8. * Line 9.	$1,918.80	10C
11.	Total regional, incremental, Property Managment capitalized costs per 10' by 10' module.	Line 4. + Line 7. + Line 10.	$2,591.74	10C
12.	Total regional, incremental, capitalized construction costs per 10' by 10' module (building investment).	Line 1. + Line 11.	$9,311.74	10C

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Service Name: Expanded Interconnection Service
Rate Element: Space Construction Charge
– Per 100 Square Foot Module
Function: Interconnector–Specific Construction

Line	Description	Calculation	Value	FRC
1.	Regional, incremental construction costs for 10' by 10' module including: 1–hr walls; duct off existing HVAC system; switched fluorescent light; one 120V duplex outlet, circuit and breaker; add one zone to existing EWFD; environmental alarms; separate C.O. ground to OPGP; cable pass thru; demo; dust partitions; floor finish; and, door graphics.		$13,087.00	10C
2.	Regional, incremental construction costs for exterior door per 10' by 10' module.		$1,293.00	10C
3.	Total regional, incremental construction costs per 10' by 10' module.	Line 1. + Line 2.	$14,380.00	10C

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Service Name: Expanded Interconnection Service
Rate Element: Space Construction Charge – Per 100 Square Foot Module
Function: Security Installation Function

Line	Description	Calculation	Value	FRC
1.	Total regional, incremental investment for card access reader for security.		$12,500.00	10C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS1
Function: Termination Equipment Function

Line	Description	Calculation	Value	FRC
1.	INITIAL regional installed investment required to provide 56 DS1s cross–connect capacity per 10' by 10' module. This investment consists of material, engineering and installation cost for terminal blocks at the demarcation point. Initial investment for each module also includes other supporting hardware (Circuit – Other Digital).		$1,000.00	357C
2.	SUBSEQUENT regional installed investment required to provide 56 DS1s cross–connect capacity per 10' by 10' module. This investment consists of material, engineering and installation cost for terminal blocks at the demarcation point. (Circuit –Other Digital).		$500.00	357C
3.	Typical C.O. digital circuit equipment objective utilization.		85%	
4.	INITIAL, regional, installed, utilized investment required to provide 56 DS1s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit –Other Digital)	Line 1. divided by Line 3.	$1,176.47	357C
5.	SUBSEQUENT, regional, installed, utilized investment required to provide 56 DS1s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit –Other Digital)	Line 2. divided by Line 3.	$588.24	357C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS1
Function: Termination Equipment Function

Line	Description	Calculation	Value	FRC
6.	INITIAL regional, incremental, IFCPC, capitalized work time (hours) including: preparing C.O. Equipment order to pass to Equipment Engineer; preparing planning documents and instructions (FEPS cable, span, eqpt, screens); instructing CP–F1 to inventory cable span, eqpt., screens; and monitoring and completing jobs for 28 DS1s cross–connect capacity per 10' by 10' module associated with termination equipment.		1.00	
7.	SUBSEQUENT regional, incremental, IFCPC, capitalized work time (hours) including: preparing C.O. Equipment order to pass to Equipment Engineer; preparing planning documents and instructions (FEPS cable, span, eqpt, screens); instructing CP–F1 to inventory cable span, eqpt., screens; and monitoring and completing jobs for 28 DS1s cross–connect capacity per 10' by 10' module associated with termination equipment.		0.40	
8.	Regional, directly assigned, IFCPC (JFC 3301) 1993 labor rate per hour.		$50.82	
9.	INITIAL regional, incremental, IFCPC capitalized cost for 28 DS1s cross–connect capacity per 10' by 10' module associated with termination equipment. (Circuit – Other Digital).	Line 6. * Line 8.	$50.82	357C
10.	SUBSEQUENT regional, incremental, IFCPC capitalized cost for 28 DS1s cross–connect capacity per 10' by 10' module associated with termination equipment. (Circuit – Other Digital).	Line 7. * Line 8.	$20.33	357C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS1
Function: Termination Equipment Function

Line	Description	Calculation	Value	FRC
11.	INITIAL, regional, incremental, utilized IFCPC capitalized cost for 28 DS1s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit – Other Digital)	Line 9. divided by Line 3.	$59.79	357C
12.	SUBSEQUENT, regional, incremental, utilized IFCPC capitalized cost for 28 DS1s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit – Other Digital)	Line 10. divided by Line 3.	$23.92	357C
13.	INITIAL, regional, installed, utilized investment per DS1 cross–connect excluding IFCPC capitalized cost for termination equipment. (Circuit – Other Digital).	Line 4. divided by 56.	$21.01	357C
14.	INITIAL, regional, incremental, utilized IFCPC capitalized cost per DS1 cross–connect for termination equipment. (Circuit – Other Digital)	Line 11. divided by 28.	$2.14	357C
15.	INITIAL, regional, installed, utilized investment per DS1 cross–connect for termination equipment. (Circuit – Other Digital)	Line 13. + Line 14.	$23.14	357C
16.	SUBSEQUENT, regional, installed, utilized investment per DS1 cross–connect excluding IFCPC capitalized cost for termination equipment (Circuit – Other Digital).	Line 5. divided by 56.	$10.50	357C
17.	SUBSEQUENT, regional, incremental, utilized IFCPC capitalized cost per DS1 cross–connect for termination equipment. (Circuit – Other Digital).	Line 12. divided by 28.	$0.85	357C
18.	SUBSEQUENT, regional, installed, utilized investment per DS1 cross–connect for termination equipment. (Circuit – Other Digital).	Line 16. + Line 17.	$11.36	357C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS1
Function: Termination Equipment Function

Line	Description	Calculation	Value	FRC
19.	Probability of occurrence of INITIAL DS1 cross–connect capacity.		30%	
20.	Probability of occurrence of SUBSEQUENT DS1 cross–connect capacity.		70%	
21.	Weighted, regional, installed, utilized investment per DS1 cross–connect for termination equipment (Circuit – Other Digital)	(Line 15. * Line 19.) + (Line 18. * Line 20.)	$14.89	357C
22.	1992 Regional Power Equipment Only loading.		0.05400	
23.	Regional power equipment investment associated with weighted, regional, installed, utilized investment per DS1 cross–connect for termination equipment. (Circuit – Other Digital)	Line 21. * Line 22.	$0.80	357C
24.	Total regional installed investments per DS1 cross–connect with power loadings for termination equipment.	Line 21. + Line 23.	$15.70	357C
25.	1992 Regional Land COE loading.		0.00148	
26.	Regional land investment associated with weighted, regional, installed, utilized investment per DS1 cross–connect for termination equipment.	Line 24. * Line 25.	$0.02	20C
27.	1992 Regional Building COE loading.		0.01971	
28.	Regional land investment associated with weighted, regional, installed, utilized investment per DS1 cross–connect for termination equipment.	Line 24. * Line 27.	$0.31	10C
29.	Grand total regional installed investments with land, building and power loadings for termination equipment.	Line 24. + Line 26. + Line 28.	$16.03	

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UNIT INVESTMENT DEVELOPMENT –
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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS3
Function: Termination Equipment Function

Line	Description	Source	Value	FRC
1.	INITIAL regional installed investment required to provide 12 DS3s cross–connect capacity per 10' by 10' module. This investment consists of material, engineering and installation cost for terminal blocks at the demarcation point. Initial investment for each module also includes other supporting hardware (Circuit – Other Digital).		$1,300.00	357C
2.	SUBSEQUENT regional installed investment required to provide 12 DS3s cross–connect capacity per 10' by 10' module. This investment consists of material, engineering and installation cost for terminal blocks at the demarcation point. (Circuit –Other Digital).		$800.00	357C
3.	Typical C.O. digital circuit equipment objective utilization.		85%	
4.	INITIAL, regional, installed, utilized investment required to provide 12 DS3s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit –Other Digital)	Line 1. divided by Line 3.	$1,529.41	357C
5.	SUBSEQUENT, regional, installed, utilized investment required to provide 12 DS3s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit –Other Digital)	Line 2. divided by Line 3.	$941.18	357C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS3
Function: Termination Equipment Function

Line	Description	Source	Value	FRC
6.	INITIAL regional, incremental, IFCPC, capitalized work time (hours) including: preparing C.O. Equipment order to pass to Equipment Engineer; preparing planning documents and instructions (FEPS cable, span, eqpt, screens); instructing CP–F1 to inventory cable span, eqpt., screens; and monitoring and completing jobs for 12 DS3s cross–connect capacity per 10' by 10' module associated with termination equipment.		1.00	
7.	SUBSEQUENT regional, incremental, IFCPC, capitalized work time (hours) including: preparing C.O. Equipment order to pass to Equipment Engineer; preparing planning documents and instructions (FEPS cable, span, eqpt, screens); instructing CP–F1 to inventory cable span, eqpt., screens; and monitoring and completing jobs for 12 DS3s cross–connect capacity per 10' by 10' module associated with termination equipment.		0.30	
8.	Regional, directly assigned, IFCPC (JFC 3301) 1993 labor rate per hour.		$50.82	
9.	INITIAL regional, incremental, IFCPC capitalized cost for 12 DS3s cross–connect capacity per 10' by 10' module associated with termination equipment. (Circuit – Other Digital).	Line 6. * Line 8.	$50.82	357C
10.	SUBSEQUENT regional, incremental, IFCPC capitalized cost for 12 DS3s cross–connect capacity per 10' by 10' module associated with termination equipment. (Circuit – Other Digital).	Line 7. * Line 8.	$15.25	357C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS3
Function: Termination Equipment Function

Line	Description	Source	Value	FRC
11.	INITIAL, regional, incremental, utilized IFCPC capitalized cost for 12 DS3s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit – Other Digital)	Line 9. divided by Line 3.	$59.79	357C
12.	SUBSEQUENT, regional, incremental, utilized IFCPC capitalized cost for 12 DS3s cross–connect capacity per 10' by 10' module for termination equipment. (Circuit – Other Digital)	Line 10. divided by Line 3.	$17.94	357C
13.	INITIAL, regional, installed, utilized investment per DS3 cross–connect excluding IFCPC capitalized cost for termination equipment. (Circuit – Other Digital).	Line 4. divided by 12.	$127.45	357C
14.	INITIAL, regional, incremental, utilized IFCPC capitalized cost per DS3 cross–connect for termination equipment. (Circuit – Other Digital)	Line 11. divided by 12.	$4.98	357C
15.	INITIAL, regional, installed, utilized investment per DS3 cross–connect for termination equipment. (Circuit – Other Digital)	Line 13. + Line 14.	$132.43	357C
16.	SUBSEQUENT, regional, installed, utilized investment per DS3 cross–connect excluding IFCPC capitalized cost for termination equipment (Circuit – Other Digital).	Line 5. divided by 12.	$78.43	357C
17.	SUBSEQUENT, regional, incremental, utilized IFCPC capitalized cost per DS3 cross–connect for termination equipment. (Circuit – Other Digital).	Line 12. divided by 12.	$1.49	357C
18.	SUBSEQUENT, regional, installed, utilized investment per DS3 cross–connect for termination equipment. (Circuit – Other Digital).	Line 16. + Line 17.	$79.93	357C

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Service Name: Expanded Interconnection Service
Rate Element: Cross Connect – Per DS3
Function: Termination Equipment Function

Line	Description	Source	Value	FRC
19.	Probability of occurrence of INITIAL DS3 cross–connect capacity.		30%	
20.	Probability of occurrence of SUBSEQUENT DS3 cross–connect capacity.		70%	
21.	Weighted, regional, installed, utilized investment per DS3 cross–connect for termination equipment (Circuit – Other Digital)	(Line 15. * Line 19.) + (Line 18. * Line 20.)	$95.68	357C
22.	1992 Regional Power Equipment Only loading.		0.05400	
23.	Regional power equipment investment associated with weighted, regional, installed, utilized investment per DS3 cross–connect for termination equipment. (Circuit – Other Digital)	Line 21. * Line 22.	$5.17	357C
24.	Total regional installed investments per DS3 cross–connect with power loadings for termination equipment.	Line 21. + Line 23.	$100.84	357C
25.	1992 Regional Land COE loading.		0.00148	
26.	Regional land investment associated with weighted, regional, installed, utilized investment per DS3 cross–connect for termination equipment.	Line 24. * Line 25.	$0.15	20C
27.	1992 Regional Building COE loading.	Economic Analysis 6–30–92	0.01971	
28.	Regional land investment associated with weighted, regional, installed, utilized investment per DS3 cross–connect for termination equipment.	Line 24. * Line 27.	$1.99	10C
29.	Grand total regional installed investments with land, building and power loadings for termination equipment.	Line 24. + Line 26. + Line 28.	$102.98	